GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2934
ANSWERED ON:07.12.2000
VICTIMISATION OF ONGC FOR OIL POOL DEFICIT
M.V.CHANDRASHEKHARA MURTHY;SHYAMA SINGH

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether attention of the Government has been drawn to the newsitem captioned, `ONGC a victim of oil pool deficit manoeuvring` appearing in the Pioneer dated September 23, 2000;

(b) if so, the details thereof;

(c) whether the Oil and Natural Gas Corporation (ONGC) is likely to suffer losses worth 10 thousand crores this year due to price ceiling on domestic crude oil imposed by the Government;

(d) if so, the reasons therefor; and

(e) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a): Yes, Sir.

(b) to (e): As per the phased programme for dismantling of administered pricing mechanism (APM), the price of indigenous crude oil payable to Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL); the consumer selling prices of petrol, diese kerosene for public distribution system and domestic LPG are to be fixed by the Government upto March,2002. Accordingly, price payable to ONGC and OIL for indigenous crude oil would be market determined after March, 2002.

Due to abnormal decline in the prices of crude oil in the international market, in the year 1998-99, interest of ONGC and OIL was protected by paying them a price higher than the price payable in terms of earlier Government decision. Later, when the prices of crude oil in the international market have risen steeply, ONGC and OIL are being compensated at Rs.5570 per tonne of crude oil, a price substantially higher than the price payable under the earlier cost plus system. This has been done with a view to make it possible to source and market petroleum products to meet the domestic demands without moving the domestic consumer prices of products in line with the international prices. ONGC and OIL have no liquidity problem.